

Sales and Use Tax (Liquor Sales)

Can the sales tax be absorbed into the price of a drink?

Normally, sales and use tax cannot be absorbed into the price of a sales taxable item. However, if an establishment is selling liquor **by the drink**, that business can elect to absorb the tax in the total price of the drink or state it separately.

However, if the business elects to include the sales tax in price in the price of the drink that vendor must continue to operate in such a manner. If the business elects to separately state the sales tax on liquor by the drink then that business must continue to do so unless permission is obtained from the Department of Revenue to change the method in which tax is collected from the customer.

If the liquor is not being sold by the drink but rather by case, individual bottle or can by a retailer, then the tax must be separately stated at the time of purchase.

See [Regulation \(39-\)26-106.2\(b\)](#) -- for more information